

## AUDITING PROCEDURES REPORT

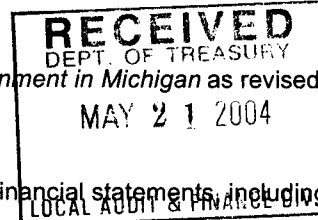
Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

|   |                                |  |                |
|---|--------------------------------|--|----------------|
| Local Government Type<br><input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other |                                | Local Government Name<br>Porter Township                   | County<br>Cass |
| Audit Date<br>March 31, 2004  | Opinion Date<br>April 29, 2004 | Date Accountant Report Submitted to State:<br>May 18, 2004 |                |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

|   | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations.                                   | x        |                 |              |
| Reports on individual federal financial assistance programs (program audits). |          |                 | x            |
| Single Audit Reports (ASLGU).   |          |                 | x            |

|   |             |          |           |
|---|-------------|----------|-----------|
| Certified Public Accountant (Firm Name) Karl L. Drake, PC |             |          |           |
| Street Address 3775 Kimmel Road                           | City Horton | State MI | ZIP 49246 |
| Accountant Signature <i>Karl L. Drake, CPA</i>            |             |          |           |

**PORTER  
TOWNSHIP**  
(CASS)

**RECEIVED**  
DEPT. OF TREASURY  
**FINANCIAL  
STATEMENTS**  
✓ MAY 21 2004  
**MARCH 31, 2004**  
CREDIT & FINANCE DIV.

# PORTER TOWNSHIP

---

## TABLE OF CONTENTS

|  | <u>PAGE</u> |
|--|-------------|
| Independent Auditor's Report.....  | 1           |
| Combined Balance Sheet - All Fund Types and Accounts Groups.....   | 2           |
| Combined Statement of Revenue, Expenditures and Changes in Fund Balances<br>- All Governmental Fund Types.....     | 3           |
| Combined Statement of Revenue, Expenditures and Changes in Fund Balance<br>- General Fund - Budget and Actual..... | 4           |
| Combined Statement of Revenue, Expenditures and Changes in Fund Balance<br>- Special Revenue Fund.....             | 5           |
| Notes to Financial Statements.....   | 6-13        |

## SUPPLEMENTARY INFORMATION

|  |       |
|--|-------|
| General Fund   |       |
| Balance Sheet.....   | 15    |
| Statement of Revenue and Other Sources by Source- Budget and Actual.....   | 16    |
| Statement of Expenditures Compared to Budget.....  | 17-20 |
| Fire Department Fund   |       |
| Balance Sheet.....   | 21    |
| Statement Of Revenue, Expenditures and Changes in Fund Balance.....  | 21    |
| Trust And Agency Funds   |       |
| Balance Sheet.....   | 22    |
| Current Tax Collection Fund  |       |
| Statement of Changes in Assets and Liabilities.....  | 23    |
| Statement of Receipts and Disbursements.....   | 23    |
| Report on Compliance and on Internal Control over Financial Reporting Based on an Audit<br>of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ..... | 24-25 |

**Karl L. Drake, P.C.**  
Certified Public Accountant

---

3775 Kimmel Road  
Horton, Michigan 49246

(517) 563-8856 Phone / 563-2552 Fax  
Email: [kdrake@voyager.net](mailto:kdrake@voyager.net)

**INDEPENDENT AUDITOR'S REPORT**

To the Township Board  
Porter Township

We have audited the accompanying general purpose financial statements of Porter Township as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Porter Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Porter Township as of March 31, 2004, and the results of its operations for the year then ended in conformity with United States generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2004, on our consideration of Porter Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements are presented for purposes of additional analysis, and are not a required part of the general purpose financial statements of Porter Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



April 29, 2004

Karl L. Drake, P.C.  
Certified Public Accountant

# PORTER TOWNSHIP

## COMBINED BALANCE SHEET ALL FUND TYPES AND ACCOUNT GROUPS

MARCH 31, 2004

|  | Governmental Fund<br>Types |                    | Fiduciary<br>Fund Types | Account Groups             |                              | Total<br>(Memorandum<br>Only) |
|--|----------------------------|--------------------|-------------------------|----------------------------|------------------------------|-------------------------------|
|  | General                    | Special<br>Revenue | Trust and<br>Agency     | General<br>Fixed<br>Assets | General<br>Long-Term<br>Debt |                               |
| <b>ASSETS</b>                                |                            |                    |                         |                            |                              |                               |
| Cash   | \$ 229,478                 | \$ 2,813           | \$ 101                  | \$ ---                     | \$ ---                       | \$ 232,392                    |
| Investments                                  | 82,226                     | ---                | ---                     | ---                        | ---                          | 82,226                        |
| Taxes and Fees Receivable                    | 9,327                      | ---                | ---                     | ---                        | ---                          | 9,327                         |
| Due From Other Funds                         | 101                        | ---                | ---                     | ---                        | ---                          | 101                           |
| Fixed Assets                                 | ---                        | ---                | ---                     | 1,068,615                  | ---                          | 1,068,615                     |
| Amount to be Provided                        | ---                        | ---                | ---                     | ---                        | ---                          | ---                           |
| <b>TOTAL ASSETS</b>                          | <b>\$ 321,132</b>          | <b>\$ 2,813</b>    | <b>\$ 101</b>           | <b>\$ 1,068,615</b>        | <b>\$ ---</b>                | <b>\$ 1,392,661</b>           |
| <b>LIABILITIES AND FUND EQUITY</b>           |                            |                    |                         |                            |                              |                               |
| <b>LIABILITIES</b>                           |                            |                    |                         |                            |                              |                               |
| Accounts Payable                             | \$ 17,146                  | \$ ---             | \$ ---                  | \$ ---                     | \$ ---                       | \$ 17,146                     |
| Due to Other Funds                           | ---                        | ---                | 101                     | ---                        | ---                          | 101                           |
| Due to Other Governments                     | ---                        | ---                | ---                     | ---                        | ---                          | ---                           |
| Notes Payable                                | ---                        | ---                | ---                     | ---                        | ---                          | ---                           |
| <b>TOTAL LIABILITIES</b>                     | <b>17,146</b>              | <b>---</b>         | <b>101</b>              | <b>---</b>                 | <b>---</b>                   | <b>17,247</b>                 |
| <b>FUND EQUITY</b>                           |                            |                    |                         |                            |                              |                               |
| Investment in Fixed Assets                   | ---                        | ---                | ---                     | 1,068,615                  | ---                          | 1,068,615                     |
| Fund Balances                                |                            |                    |                         |                            |                              |                               |
| Reserved                                     | 100                        | 2,813              | ---                     | ---                        | ---                          | 2,913                         |
| Unreserved - designated                      | ---                        | ---                | ---                     | ---                        | ---                          | ---                           |
| Unreserved - undesignated                    | 303,886                    | ---                | ---                     | ---                        | ---                          | 303,886                       |
| <b>TOTAL FUND EQUITY</b>                     | <b>303,986</b>             | <b>2,813</b>       | <b>---</b>              | <b>1,068,615</b>           | <b>---</b>                   | <b>1,375,414</b>              |
| <b>TOTAL LIABILITIES<br/>AND FUND EQUITY</b> | <b>\$ 321,132</b>          | <b>\$ 2,813</b>    | <b>\$ 101</b>           | <b>\$ 1,068,615</b>        | <b>\$ ---</b>                | <b>\$ 1,392,661</b>           |

See Accompanying Notes to Financial Statements.

**COMBINED STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES**

**YEAR ENDED MARCH 31, 2004**

|   | <u>General<br/>Fund</u>  | <u>Special<br/>Revenue<br/>Funds</u> | <u>Total<br/>(Memorandum<br/>Only)</u> |
|---|--------------------------|--------------------------------------|--|
| <b>REVENUE</b>  |                          |                                      |  |
| Taxes, Fees and Penalties   | \$ 139,994               | \$ ---                               | \$ 139,994                             |
| Licenses and Permits  | 45,061                   | ---                                  | 45,061                                 |
| Federal Revenue   | ---                      | ---                                  | ---                                    |
| State Revenue   | 262,019                  | ---                                  | 262,019                                |
| Charges for Services  | 113,095                  | ---                                  | 113,095                                |
| Interest  | 1,505                    | 6                                    | 1,511                                  |
| Miscellaneous   | 13,308                   | ---                                  | 13,308                                 |
| Donations   | 630                      | ---                                  | 630                                    |
| Other Local Revenue   | ---                      | 3,045                                | 3,045                                  |
| Newberg Twp Debt Repayment  | 26,701                   | ---                                  | 26,701                                 |
| <b>TOTAL REVENUE</b>  | <u><b>602,313</b></u>    | <u><b>3,051</b></u>                  | <u><b>605,364</b></u>                  |
| <b>EXPENDITURES</b>   |                          |                                      |  |
| General Government  | 254,889                  | ---                                  | 254,889                                |
| Public Safety   | 237,931                  | 2,414                                | 240,345                                |
| Public Works  | 65,593                   | ---                                  | 65,593                                 |
| Debt Service  | 26,701                   | ---                                  | 26,701                                 |
| Capital Outlay  | 43,850                   | ---                                  | 43,850                                 |
| <b>TOTAL EXPENDITURES</b>   | <u><b>628,964</b></u>    | <u><b>2,414</b></u>                  | <u><b>631,378</b></u>                  |
| <b>EXCESS OF REVENUE AND OTHER SOURCES OVER<br/>&lt;UNDER&gt; EXPENDITURES AND OTHER USES</b> | <b>-26,651</b>           | <b>637</b>                           | <b>-26,014</b>                         |
| <b>TRANSFERS IN &lt;OUT&gt;</b>   | <b>---</b>               | <b>---</b>                           | <b>---</b>                             |
| <b>FUND BALANCE - BEGINNING OF YEAR</b>   | <u><b>330,637</b></u>    | <u><b>2,176</b></u>                  | <u><b>332,813</b></u>                  |
| <b>FUND BALANCE - END OF YEAR</b>   | <u><b>\$ 303,986</b></u> | <u><b>\$ 2,813</b></u>               | <u><b>\$ 306,799</b></u>               |

See Accompanying Notes to Financial Statements.

# PORTER TOWNSHIP

## STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE GENERAL FUND BUDGET AND ACTUAL

YEAR ENDED MARCH 31, 2004

|  | Budget            | Actual            | Variance<br>Favorable<br><Unfavorable> |
|--|-------------------|-------------------|--|
| <b>REVENUE</b>   |                   |                   |  |
| Taxes and Penalties  | \$ 143,600        | \$ 139,994        | \$ -3,606                              |
| Licenses and Permits   | 42,750            | 45,061            | 2,311                                  |
| Federal Revenue  | ---               | ---               | ---                                    |
| State Revenue  | 252,000           | 262,019           | 10,019                                 |
| Charges for Services   | 137,300           | 113,095           | -24,205                                |
| Interest   | 2,000             | 1,505             | -495                                   |
| Miscellaneous  | 2,000             | 13,308            | 11,308                                 |
| Donations  | ---               | 630               | 630                                    |
| Newberg Twp Debt Repayment                                   | ---               | 26,701            | 26,701                                 |
| <b>TOTAL REVENUE</b>   | <b>579,650</b>    | <b>602,313</b>    | <b>22,663</b>                          |
| <b>EXPENDITURES</b>  |                   |                   |  |
| General Government   | 190,400           | 254,889           | -64,489                                |
| Public Safety  | 251,500           | 237,931           | 13,569                                 |
| Public Works   | 65,500            | 65,593            | -93                                    |
| Debt Service   | ---               | 26,701            | -26,701                                |
| Capital Outlay   | 61,000            | 43,850            | 17,150                                 |
| <b>TOTAL EXPENDITURES</b>                                    | <b>568,400</b>    | <b>628,964</b>    | <b>-60,564</b>                         |
| <b>EXCESS OF REVENUE OVER<br/>&lt;UNDER&gt; EXPENDITURES</b> | <b>11,250</b>     | <b>-26,651</b>    | <b>-37,901</b>                         |
| TRANSFERS IN <OUT>   | ---               | ---               | ---                                    |
| FUND BALANCE - BEGINNING OF YEAR                             | 330,637           | 330,637           | ---                                    |
| <b>FUND BALANCE - END OF YEAR</b>                            | <b>\$ 341,887</b> | <b>\$ 303,986</b> | <b>\$ -37,901</b>                      |

See Accompanying Notes to Financial Statements.

**STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
SPECIAL REVENUE FUNDS  
BUDGET AND ACTUAL**

**YEAR ENDED MARCH 31, 2004**

|  | <u>Budget</u>   | <u>Actual</u>   | <u>Variance<br/>Favorable<br/>&lt;Unfavorable&gt;</u> |
|--|-----------------|-----------------|---|
| <b>REVENUE</b>   |                 |                 |   |
| Local Revenue  | \$ ---          | \$ 3,045        | \$ 13,045   |
| Interest   | ---             | 6               | 6   |
| <b>TOTAL REVENUE</b>   | <u>---</u>      | <u>3,051</u>    | <u>3,051</u>  |
| <b>EXPENDITURES</b>  |                 |                 |   |
| Public Safety  | ---             | 2,414           | -2,414  |
| Capital Outlay   | ---             | ---             | ---   |
| <b>TOTAL EXPENDITURES</b>                                    | <u>---</u>      | <u>2,414</u>    | <u>-2,414</u>   |
| <b>EXCESS OF REVENUE OVER<br/>&lt;UNDER&gt; EXPENDITURES</b> | ---             | 637             | 637   |
| TRANSFERS IN <OUT>   | ---             | ---             | ---   |
| FUND BALANCE - BEGINNING OF YEAR                             | <u>2,176</u>    | <u>2,176</u>    | <u>---</u>  |
| <b>FUND BALANCE - END OF YEAR</b>                            | <u>\$ 2,176</u> | <u>\$ 2,813</u> | <u>\$ 637</u>   |

See Accompanying Notes to Financial Statements.



# PORTER TOWNSHIP

---

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### DESCRIPTION OF REPORTING ENTITY

The Township of Porter is a regular law township and operates under a Township Board form of government. The Township provides the following services: legislative, executive, elections, general administrative services, health and safety.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. appoints a voting majority of the organization's board, and has the ability to impose its will of the organization; or
2. there is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on the above criteria, no additional organizations or entities are included in these financial statements.

#### FUND ACCOUNTING

The accounts of Porter Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds and account groups are grouped, in the financial statements in this report, into generic fund types and Board fund categories as follows:

##### Governmental Funds:

*General Fund* - This fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* - These funds are used to account for specific governmental revenues that are legally restricted to expenditures for specified purposes. Special revenue funds are maintained to account for the activities of the volunteer fire department.

---

Fiduciary Funds:

*Trust and Agency Fund* - This fund is used to account for assets held by the Township in a trustee capacity as an agent for others.

Account Groups:

*General Long-Term Debt Account Group* - This account group presents the balance of general obligation long-term debt.

*General Fixed Asset Account Group* - This account presents the cost of long-term fixed assets.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurements made, regardless of the measurement focus applied.

The books and records of the Township have been maintained on the cash basis but have been converted to the modified accrual basis for this report for the Governmental Funds. Their revenues are recognized when they become measurable and available as net current assets. Exceptions to this general rule include property taxes, which are recognized when levied and state shared revenue, which is recognized if payment is received within 60 days of year end. Expenditures are recognized under when the related fund liability is incurred.

Property and equipment purchases are recorded as expenditures in their respective funds at the time of purchase. Detail records of property and equipment purchases have been maintained in the General Fixed Asset Account Group.

A fund balance reserve in the General Fund has been established to recognize that cash advanced to the Trust and Agency Fund on a long-term basis is not available for other uses by the Township.

Property Taxes are levied on December 1 and are due on February 28 each year. Currently the Township is authorized and assesses .7618 mills for operations. Amounts not paid by March 1 are subject to penalty and interest. An administration fee of 1% is also collected. The taxable value of Township property for 2003 was \$135,413,103.

TOTAL COLUMNS OR COMBINED STATEMENTS

The total columns on the Combined and Combining Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

# PORTER TOWNSHIP

---

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT

Deposits are carried at cost. Deposits of the Township are at two banks in the name of Porter Township. Act 217, Public Acts of 1982, authorizes the Township to deposit and invest in the accounts of Federally insured banks, insured credit unions and savings and loans associations; bond and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government of Federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications by no less than two standard rating services, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's Opinion states that public funds may not be deposited in financial institutions located in states other than Michigan. The Township's deposits are in accordance with statutory authority.

The Balance Sheet caption, "Cash" includes imprest cash, demand accounts, certificates of deposit and money markets.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's cash deposits are as follows:

| <u>Deposits</u>                | <u>Bank Carrying<br/>Amount</u> | <u>Book<br/>Amount</u> |
|--------------------------------|---------------------------------|------------------------|
| Insured (FDIC)                 | \$ 200,000                      | \$ 122,083             |
| Uncollateralized and Uninsured | <u>601,361</u>                  | <u>110,309</u>         |
| Total Deposits                 | <u>\$ 801,361</u>               | <u>\$ 232,392</u>      |

Differences between bank carrying amount and book value are caused by deposits in transit and outstanding checks.

### NOTE 3 - DELINQUENT PROPERTY TAXES RECEIVABLE

#### Real Property Taxes

The delinquent real property taxes and special assessments of the Township are purchased by Cass County. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. This is expected to take place in May 2004. These taxes have been recorded as revenue for the current year.

#### NOTE 4 - DUE FROM OTHER FUNDS

The amounts of individual fund balances for the interfund receivables and payables at March 31, 2004, were as follows:

|                  | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|------------------|---------------------------------|------------------------------|
| General Fund     | \$ 101                          | \$ ---                       |
| Trust and Agency | ---                             | 101                          |
| Totals           | <u>\$ 101</u>                   | <u>\$ 101</u>                |

#### NOTE 5 - BUDGET

Formal budgetary integration is employed as a management control device during the year for the general fund and the special revenue funds. Budgets for these funds are adopted on a basis consistent with generally accepted accounting principals. During the year ended March 31, 2004, the Township incurred expenditures in excess of the amounts appropriated as follows:

|                      | <u>Budgeted</u> | <u>Actual</u> | <u>Excess</u> |
|----------------------|-----------------|---------------|---------------|
| General Fund         |                 |               |               |
| General Government   | \$ 190,400      | \$ 254,889    | \$ 64,489     |
| Public Works         | 65,500          | 65,593        | 93            |
| Debt Service         | ---             | 26,701        | 26,701        |
| Special Revenue Fund |                 |               |               |
| Public Safety        | ---             | 2,414         | 2,414         |

#### NOTE 6 - FIXED ASSETS

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and Expendable Trust Funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

# PORTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6 - FIXED ASSETS (CONTINUED)

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infra-structure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement or results of operations.

#### Changes in General Fixed Assets

A summary of Changes in General Fixed Assets follows:

|                         | Balance<br>04-01-03 | Additions        | Deductions       | Balance<br>03-31-04 |
|-------------------------|---------------------|------------------|------------------|---------------------|
| Land                    | \$ 10,000           | \$ ---           | \$ ---           | \$ 10,000           |
| Buildings               | 475,000             | ---              | ---              | 475,000             |
| Furniture and Equipment | 181,862             | 43,850           | 10,000           | 215,712             |
| Vehicles                | 367,903             | ---              | ---              | 367,903             |
|                         | <u>\$ 1,034,765</u> | <u>\$ 43,850</u> | <u>\$ 10,000</u> | <u>\$ 1,068,615</u> |

### NOTE 7 - ACCUMULATED FUND DEFICITS

There were no accumulated fund deficits at March 31, 2004.

### NOTE 8 - ACCUMULATED SICK AND VACATION PAY

Amounts accumulated for accrued sick and vacation pay are immaterial and have not been entered in the accounting records.

### NOTE 9 - RISK MANAGEMENT AND LITIGATION

The Township is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the past several years the Township has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs. All risk

---

#### **NOTE 9 - RISK MANAGEMENT AND LITIGATION (CONTINUED)**

management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. At March 31, 2004, no claims exist, and no provision has been entered into the accounting records.

#### **NOTE 10 - RETIREMENT SYSTEM**

At March 31, 2004, the Township did not participate in any retirement system.

#### **NOTE 11 - INVESTMENTS**

Investments include certificates of deposit and short-term investment funds. The investments in the short-term investment funds are those permitted by Michigan law as follows:

1. Bonds and other obligations of the United States Government
2. Certificates of deposit and savings accounts of banks or credit unions who are members of the FDIC and FSLIC, respectively
3. Certain commercial paper
4. United States Government repurchase agreements
5. Bankers' acceptance of United States Banks
6. Certain Mutual Funds

The investment in the Michigan Government Investment Trust is a pooled investment with other governmental units. Some of the investments of the Fund are insured as the fund is invested in certificates of deposit. The balance of the Fund is uninsured as it is invested in bankers' acceptances and commercial paper. Investments are valued at market value.

#### **NOTE 12 - AGREEMENT**

Effective April 1, 1999, the Township discontinued an operating agreement for fire and ambulance services with Newberg Township. As part of the agreement, all assets of the joint operation were sold to Newberg Township for a total of \$175,000. This will be paid to Porter Township without interest in 20 annual installments of \$8,750. Also part of this agreement is a contract with Newberg Township to provide fire and ambulance services to the northern part of Porter Township. The annual cost of this service to Porter Township will be \$27,000.

# PORTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

### NOTE 13- ESTIMATES

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### NOTE 14 - GENERAL LONG-TERM DEBT

The Township purchased an ambulance on November 7, 2001, for \$74,211. The Township made a down payment of \$10,211, and borrowed the balance of \$64,000 from First State Savings Bank. Monthly payments of \$1,902.68 through November 2004 were due. This loan was paid in full in February 2004.

### NOTE 15 - SUBSEQUENT EVENT

On April 1, 2004, the Township made an agreement with Cass County to pay bonds for the construction of a sewer system. The bonds total \$17,150,000, and principal payments are due May 1 beginning in 2005 and ending in 2024. Interest is payable on May 1 and November 1 each year. Interest rates range from 3.00% to 4.625%. The bonds are payable as follows:

| Year ending<br>March 31 | Bond Principal       | Bond Interest       | Total                |
|-------------------------|----------------------|---------------------|----------------------|
| 2005                    | \$ ---               | \$ 339,050          | \$ 339,050           |
| 2006                    | 50,000               | 677,225             | 727,225              |
| 2007                    | 850,000              | 661,475             | 1,511,475            |
| 2008                    | 950,000              | 629,975             | 1,579,975            |
| 2009                    | 900,000              | 597,600             | 1,497,600            |
| 2010                    | 900,000              | 568,350             | 1,468,350            |
| 2011                    | 900,000              | 540,225             | 1,440,225            |
| 2012                    | 900,000              | 509,850             | 1,409,850            |
| 2013                    | 900,000              | 478,350             | 1,378,350            |
| 2014                    | 900,000              | 445,725             | 1,345,725            |
| 2015                    | 900,000              | 410,850             | 1,310,850            |
| 2016                    | 900,000              | 374,850             | 1,274,850            |
| 2017                    | 900,000              | 338,288             | 1,238,288            |
| 2018                    | 900,000              | 300,825             | 1,200,825            |
| 2019                    | 900,000              | 262,575             | 1,162,575            |
| 2020                    | 900,000              | 223,425             | 1,123,425            |
| 2021                    | 900,000              | 183,375             | 1,083,375            |
| 2022                    | 900,000              | 142,875             | 1,042,875            |
| 2023                    | 900,000              | 102,375             | 1,002,375            |
| 2024                    | 900,000              | 61,875              | 961,875              |
| 2025                    | 900,000              | 20,812              | 920,812              |
|                         | <u>\$ 17,150,000</u> | <u>\$ 7,869,950</u> | <u>\$ 25,019,950</u> |

---

A special assessment district has been established by the Township to collect monies for the payment of these bonds. Monies are payable to the Township over a 20 year period beginning in the summer of 2004.

**NOTE 16 - RECALL ELECTION**

On March 8, 2004, the electors of Porter Township recalled three Township Board members, including the Township clerk and two trustees. An individual was appointed as interim clerk on April 6, 2004 until elections can be held on May 11, 2004 to fill all three positions.



## **PORTER TOWNSHIP**

---

### **SUPPLEMENTARY INFORMATION**

---

**GENERAL FUND  
BALANCE SHEET**

**MARCH 31, 2004**

**ASSETS**

|                           |            |
|---------------------------|------------|
| Cash                      | \$ 229,478 |
| Investments               | 82,226     |
| Taxes and Fees Receivable | 9,327      |
| Due from Other Funds      | <u>101</u> |

**TOTAL ASSETS**

\$ 321,132

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

|                          |               |
|--------------------------|---------------|
| Accounts Payable         | \$ 17,146     |
| Payroll Taxes Payable    | ---           |
| Due to Other Funds       | <u>---</u>    |
| <b>TOTAL LIABILITIES</b> | <u>17,146</u> |

**FUND BALANCE**

|                           |                |
|---------------------------|----------------|
| Reserved                  | 100            |
| Unreserved - Designated   | --             |
| Unreserved - Undesignated | <u>303,886</u> |
| <b>TOTAL FUND BALANCE</b> | <u>303,986</u> |

**TOTAL LIABILITIES AND FUND BALANCE**

\$ 321,132

# PORTER TOWNSHIP

## GENERAL FUND STATEMENT OF REVENUE AND OTHER SOURCES BY SOURCE BUDGET AND ACTUAL

YEAR ENDED MARCH 31, 2004

|                                   | Budget            | Actual            | Variance<br>Favorable<br><Unfavorable> |
|-----------------------------------|-------------------|-------------------|--|
| <b>TAXES AND PENALTIES</b>        |                   |                   |  |
| Property Taxes                    | \$ 99,000         | \$ 103,001        | \$ 4,001                               |
| Administration Fees               | 44,500            | 36,954            | -7,546                                 |
| Penalties and Interest            | 100               | 39                | -61                                    |
| <b>TOTAL TAXES AND PENALTIES</b>  | <b>143,600</b>    | <b>139,994</b>    | <b>-3,606</b>                          |
| <b>LICENSES AND PERMITS</b>       |                   |                   |  |
| Dog Licenses                      | 100               | 127               | 27                                     |
| Mobile Home Fees                  | 150               | 138               | -12                                    |
| Cable Vision Fees                 | 3,500             | 8,280             | 4,780                                  |
| Electric Permits                  | 10,000            | 9,347             | -653                                   |
| Building Permits                  | 18,000            | 15,634            | -2,366                                 |
| Mechanical Permits                | 7,000             | 6,502             | -498                                   |
| Plumbing Permits                  | 4,000             | 5,033             | 1,033                                  |
| <b>TOTAL LICENSES AND PERMITS</b> | <b>42,750</b>     | <b>45,061</b>     | <b>2,311</b>                           |
| <b>FEDERAL REVENUE</b>            |                   |                   |  |
| FEMA Grant                        | ---               | ---               | ---                                    |
| Other                             | ---               | ---               | ---                                    |
| <b>TOTAL FEDERAL REVENUE</b>      | <b>---</b>        | <b>---</b>        | <b>---</b>                             |
| <b>STATE REVENUE</b>              |                   |                   |  |
| State Shared Revenue              | 252,000           | 262,019           | 10,019                                 |
| Other                             | ---               | ---               | ---                                    |
| <b>TOTAL STATE REVENUE</b>        | <b>252,000</b>    | <b>262,019</b>    | <b>10,019</b>                          |
| <b>CHARGES FOR SERVICES</b>       |                   |                   |  |
| Mason Twp. Fire and Ambulance     | 68,000            | 69,465            | 1,465                                  |
| Zoning Appeals and Compliance     | 5,500             | 4,025             | -1,475                                 |
| Land Division Applications        | 3,000             | 2,500             | -500                                   |
| Copies                            | 100               | 36                | -64                                    |
| Fire Runs                         | 3,000             | 2,450             | -550                                   |
| Grave Openings                    | 2,000             | 2,550             | 550                                    |
| Ambulance Fees                    | 50,000            | 29,601            | -20,399                                |
| Cemetery Lot Sales                | 2,000             | 2,405             | 405                                    |
| Zoning Book Sales                 | 200               | 63                | -137                                   |
| Dust Control                      | 3,500             | ---               | -3,500                                 |
| <b>TOTAL CHARGES FOR SERVICES</b> | <b>137,300</b>    | <b>113,095</b>    | <b>-24,205</b>                         |
| <b>INTEREST</b>                   | <b>2,000</b>      | <b>1,505</b>      | <b>-495</b>                            |
| <b>MISCELLANEOUS</b>              | <b>2,000</b>      | <b>13,308</b>     | <b>11,308</b>                          |
| <b>DONATIONS</b>                  | <b>---</b>        | <b>630</b>        | <b>630</b>                             |
| <b>NEWBERG TWP DEBT PAYMENT</b>   | <b>---</b>        | <b>26,701</b>     | <b>26,701</b>                          |
| <b>TRANSFERS IN</b>               | <b>---</b>        | <b>---</b>        | <b>---</b>                             |
| <b>TOTAL REVENUE</b>              | <b>\$ 579,650</b> | <b>\$ 602,313</b> | <b>\$ 22,663</b>                       |

# GENERAL FUND STATEMENT OF EXPENDITURES COMPARED TO BUDGET

YEAR ENDED MARCH 31, 2004

|                                | Budget        | Actual        | Variance<br>Favorable<br><Unfavorable> |
|--------------------------------|---------------|---------------|--|
| <b>GENERAL GOVERNMENT</b>      |               |               |  |
| <i>Legislative Board</i>       |               |               |  |
| Salaries and Wages             | \$ 3,600      | \$ 4,004      | \$ -404                                |
| Payroll Taxes                  | 5,000         | 15,118        | -10,118                                |
| Website                        | ---           | 169           | -169                                   |
| Office Supplies                | ---           | 4,842         | -4,842                                 |
| Postage                        | ---           | 7,495         | -7,495                                 |
| Audit Fees                     | 3,000         | 3,000         | ---                                    |
| Payroll Processing             | ---           | 1,498         | -1,498                                 |
| Legal Fees                     | 12,000        | 7,420         | 4,580                                  |
| Tax Roll                       | 6,500         | 9,578         | -3,078                                 |
| Conferences and Workshops      | ---           | 80            | -80                                    |
| Printing and Publishing        | ---           | 1,919         | -1,919                                 |
| Insurance and Bonds            | 20,000        | 22,878        | -2,878                                 |
| Bank Charges                   | ---           | 112           | -112                                   |
| Membership Dues                | 3,000         | 2,623         | 377                                    |
| Clean Up Day                   | 7,000         | 7,439         | -439                                   |
| <i>Total Legislative Board</i> | <u>60,100</u> | <u>88,175</u> | <u>-28,075</u>                         |
| <i>Supervisor</i>              |               |               |  |
| Salaries and Wages             | 14,700        | 14,835        | -135                                   |
| Mileage                        | ---           | 190           | -190                                   |
| <i>Total Supervisor</i>        | <u>14,700</u> | <u>15,025</u> | <u>-325</u>                            |
| <i>Elections</i>               |               |               |  |
| Salaries and Wages             | ---           | 1,569         | -1,569                                 |
| Office Supplies                | ---           | 166           | -166                                   |
| Mileage                        | ---           | 103           | -103                                   |
| <i>Total Elections</i>         | <u>---</u>    | <u>1,838</u>  | <u>-1,838</u>                          |
| <i>Assessor</i>                |               |               |  |
| Fees                           | 18,000        | 38,000        | -20,000                                |
| Postage                        | 1,500         | 434           | 1,066                                  |
| Software                       | ---           | 2,740         | -2,740                                 |
| Printing                       | ---           | 214           | -214                                   |
| <i>Total Assessor</i>          | <u>19,500</u> | <u>41,388</u> | <u>-21,888</u>                         |
| <i>Board of Review</i>         |               |               |  |
| Salaries and Wages             | 1,000         | 621           | 379                                    |
| Printing                       | ---           | 44            | -44                                    |
| <i>Total Board of Review</i>   | <u>1,000</u>  | <u>665</u>    | <u>335</u>                             |
| <i>Clerk</i>                   |               |               |  |
| Salaries and Wages             | 15,250        | 15,662        | -412                                   |
| Mileage                        | ---           | 302           | -302                                   |
| <i>Total Clerk</i>             | <u>15,250</u> | <u>15,964</u> | <u>-714</u>                            |

# PORTER TOWNSHIP

## GENERAL FUND STATEMENT OF EXPENDITURES COMPARED TO BUDGET - CONTINUED

YEAR ENDED MARCH 31, 2004

|                                       | Budget                   | Actual                   | Variance<br>Favorable<br><Unfavorable> |
|---------------------------------------|--------------------------|--------------------------|--|
| <b>GENERAL GOVERNMENT (CONTINUED)</b> |                          |                          |  |
| <i>Treasurer</i>                      |                          |                          |  |
| Salaries and Wages                    | \$ 17,850                | 18,076                   | -226                                   |
| Mileage                               | ---                      | 549                      | -549                                   |
| <i>Total Treasurer</i>                | <u>17,850</u>            | <u>18,625</u>            | <u>-775</u>                            |
| <i>Township Hall</i>                  |                          |                          |  |
| Clerical                              | 25,000                   | \$ 19,068                | \$ 5,932                               |
| Operating Supplies                    | ---                      | 554                      | -554                                   |
| Telephone                             | ---                      | 5,383                    | -5,383                                 |
| Utilities                             | ---                      | 2,725                    | -2,725                                 |
| Mileage                               | ---                      | 347                      | -347                                   |
| Building Maintenance                  | ---                      | 8,518                    | -8,518                                 |
| Trash, Lawn, Snow                     | ---                      | 625                      | -625                                   |
| Administration                        | 25,000                   | 18,533                   | 6,467                                  |
| <i>Total Township Hall</i>            | <u>50,000</u>            | <u>55,753</u>            | <u>-5,753</u>                          |
| <i>Cemeteries</i>                     |                          |                          |  |
| Clerical                              | ---                      | 1,566                    | -1,566                                 |
| Software                              | ---                      | 1,100                    | -1,100                                 |
| Mileage                               | ---                      | 162                      | -162                                   |
| Conferences                           | ---                      | 287                      | -287                                   |
| Ground Maintenance                    | 12,000                   | 14,314                   | -2,314                                 |
| <i>Total Cemeteries</i>               | <u>12,000</u>            | <u>17,429</u>            | <u>-5,429</u>                          |
| <b>TOTAL GENERAL GOVERNMENT</b>       | <u><b>\$ 190,400</b></u> | <u><b>\$ 254,889</b></u> | <u><b>\$ -64,489</b></u>               |
| <b>PUBLIC SAFETY</b>                  |                          |                          |  |
| <i>Building Inspector</i>             |                          |                          |  |
| Inspection Fees                       | \$ 18,000                | \$ 17,950                | \$ 50                                  |
| <i>Mechanical Inspector</i>           |                          |                          |  |
| Inspection Fees                       | 4,000                    | 3,725                    | 275                                    |
| Memberships                           | ---                      | ---                      | ---                                    |
| Conferences and Workshops             | ---                      | ---                      | ---                                    |
| <i>Total Mechanical Inspector</i>     | <u>4,000</u>             | <u>3,725</u>             | <u>275</u>                             |
| <i>Electrical Inspector</i>           |                          |                          |  |
| Inspection Fees                       | 7,000                    | 6,675                    | 325                                    |
| Mileage                               | ---                      | 65                       | -65                                    |
| Conferences                           | ---                      | 54                       | -54                                    |
| <i>Total Electrical Inspector</i>     | <u>7,000</u>             | <u>6,794</u>             | <u>206</u>                             |

|                                       | Budget         | Actual         | Variance<br>Favorable<br><Unfavorable> |
|---------------------------------------|----------------|----------------|--|
| <b>PUBLIC SAFETY (CONTINUED)</b>      |                |                |  |
| <i>Fire Department - Porter</i>       |                |                |  |
| EMT/Fire Fighter Salary               | \$ 18,500      | \$ 14,965      | \$ 3,535                               |
| Salaries and Run Fees                 | 54,000         | 46,102         | 7,898                                  |
| Office Supplies                       | ---            | 100            | -100                                   |
| Software                              | ---            | 620            | -620                                   |
| Operating Supplies                    | ---            | 14,111         | -14,111                                |
| Telephone                             | ---            | 1,735          | -1,735                                 |
| Mileage                               | ---            | 1,458          | -1,458                                 |
| Vehicle Expense                       | ---            | 10,210         | -10,210                                |
| Conferences and Workshops             | ---            | 536            | -536                                   |
| Insurance                             | ---            | 7,628          | -7,628                                 |
| Utilities                             | ---            | 5,268          | -5,268                                 |
| Equipment Repair                      | ---            | 3,988          | -3,988                                 |
| Building Maintenance                  | ---            | 8,338          | -8,338                                 |
| Trash, Lawn, Snow                     | ---            | 2,347          | -2,347                                 |
| Training                              | ---            | 364            | -364                                   |
| Memberships                           | ---            | 1,200          | -1,200                                 |
| Administration                        | 45,000         | ---            | 45,000                                 |
| <i>Total Fire Dept. - Porter</i>      | <u>117,500</u> | <u>118,970</u> | <u>-1,470</u>                          |
| <i>Fire Department - North Porter</i> |                |                |  |
| EMS Service Fee                       | <u>27,000</u>  | <u>27,000</u>  | <u>---</u>                             |
| <i>Plumbing Inspector</i>             |                |                |  |
| Inspection Fees                       | 3,000          | 3,800          | -800                                   |
| Membership and Dues                   | ---            | ---            | ---                                    |
| <i>Total Plumbing Inspector</i>       | <u>3,000</u>   | <u>3,800</u>   | <u>-800</u>                            |
| <i>Zoning</i>                         |                |                |  |
| Salaries and Wages                    | 15,000         | 9,857          | 5,143                                  |
| Office Supplies                       | ---            | 354            | -354                                   |
| Mileage                               | ---            | 348            | -348                                   |
| Conferences and Workshops             | ---            | 50             | -50                                    |
| Printing and Publishing               | ---            | 781            | -781                                   |
| Telephone                             | ---            | 16             | -16                                    |
| <i>Total Zoning</i>                   | <u>15,000</u>  | <u>11,406</u>  | <u>3,594</u>                           |
| <i>Building</i>                       |                |                |  |
| Clerical Help                         | ---            | 1,043          | -1,043                                 |
| Office Supplies                       | ---            | 63             | -63                                    |
| Membership Dues                       | ---            | 100            | -100                                   |
| <i>Total Building</i>                 | <u>---</u>     | <u>1,206</u>   | <u>-1,206</u>                          |

# PORTER TOWNSHIP

## GENERAL FUND STATEMENT OF EXPENDITURES COMPARED TO BUDGET - CONTINUED

YEAR ENDED MARCH 31, 2004

|                                  | Budget            | Actual            | Variance<br>Favorable<br><Unfavorable> |
|----------------------------------|-------------------|-------------------|--|
| <b>PUBLIC SAFETY (CONTINUED)</b> |                   |                   |  |
| <i>Ambulance - Porter</i>        |                   |                   |  |
| Collection Fees                  | \$ ---            | \$ 2,683          | \$ -2,683                              |
| ALS Intercepts                   | 15,000            | 14,933            | 67                                     |
| Salaries and Wages               | 25,000            | 18,900            | 6,100                                  |
| Telephone                        | ---               | 407               | -407                                   |
| Equipment Repair                 | ---               | 1,001             | -1,001                                 |
| Vehicle Expense                  | ---               | 2,621             | -2,621                                 |
| Operating Supplies               | 20,000            | 3,801             | 16,199                                 |
| Immunizations                    | ---               | 6                 | -6                                     |
| Mileage                          | ---               | 37                | -37                                    |
| Memberships                      | ---               | 700               | -700                                   |
| Training                         | ---               | 1,991             | -1,991                                 |
| <i>Total Ambulance - Porter</i>  | <u>60,000</u>     | <u>47,080</u>     | <u>12,920</u>                          |
| <b>TOTAL PUBLIC SAFETY</b>       | <u>\$ 251,500</u> | <u>\$ 237,931</u> | <u>\$ 13,569</u>                       |
| <b>PUBLIC WORKS</b>              |                   |                   |  |
| <i>Highways and Roads</i>        |                   |                   |  |
| Road Commission                  | \$ 60,000         | \$ 62,978         | \$ -2,978                              |
| Dust Control                     | 5,500             | 2,615             | 2,885                                  |
| <i>Total Highways and Roads</i>  | <u>65,500</u>     | <u>65,593</u>     | <u>-93</u>                             |
| <b>TOTAL PUBLIC WORKS</b>        | <u>65,500</u>     | <u>65,593</u>     | <u>-93</u>                             |
| <b>PARKS AND RECREATION</b>      | <u>---</u>        | <u>---</u>        | <u>---</u>                             |
| <b>DEBT SERVICE</b>              | <u>---</u>        | <u>26,701</u>     | <u>-26,701</u>                         |
| <b>CAPITAL OUTLAY</b>            |                   |                   |  |
| Township Hall                    | 15,000            | ---               | 15,000                                 |
| Fire Department                  | 23,000            | 5,233             | 17,767                                 |
| Ambulance                        | 23,000            | 38,617            | -15,617                                |
| <b>TOTAL CAPITAL OUTLAY</b>      | <u>61,000</u>     | <u>43,850</u>     | <u>17,150</u>                          |
| <b>TOTAL EXPENDITURES</b>        | <u>\$ 568,400</u> | <u>\$ 628,964</u> | <u>\$ -60,564</u>                      |

---

**FIRE DEPARTMENT FUND  
BALANCE SHEET**

**MARCH 31, 2004**

**ASSETS**

|      |                 |
|------|-----------------|
| Cash | <u>\$ 2,813</u> |
|------|-----------------|

**FUND BALANCES**

|          |                 |
|----------|-----------------|
| Reserved | <u>\$ 2,813</u> |
|----------|-----------------|

---

**FIRE DEPARTMENT FUND  
STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

**YEAR ENDED MARCH 31, 2004**

**REVENUE**

|               |            |
|---------------|------------|
| Fund Raiser   | \$ 3,045   |
| Interest      | 6          |
| Donations     | ---        |
| Miscellaneous | <u>---</u> |

|                      |                     |
|----------------------|---------------------|
| <b>TOTAL REVENUE</b> | <u><b>3,051</b></u> |
|----------------------|---------------------|

**EXPENDITURES**

|                     |            |
|---------------------|------------|
| Fund Raiser Expense | 120        |
| Miscellaneous       | 1,022      |
| Community Promotion | 844        |
| Bank Charges        | 7          |
| Paging              | 409        |
| Meetings            | 12         |
| Capital Outlay      | <u>---</u> |

|                           |                     |
|---------------------------|---------------------|
| <b>TOTAL EXPENDITURES</b> | <u><b>2,414</b></u> |
|---------------------------|---------------------|

|   |     |
|---|-----|
| <b>EXCESS OF REVENUES OVER EXPENDITURES</b> | 637 |
|---|-----|

|                                  |              |
|----------------------------------|--------------|
| FUND BALANCE - BEGINNING OF YEAR | <u>2,176</u> |
|----------------------------------|--------------|

|                                   |                               |
|-----------------------------------|-------------------------------|
| <b>FUND BALANCE - END OF YEAR</b> | <u><u><b>\$ 2,813</b></u></u> |
|-----------------------------------|-------------------------------|



# **PORTER TOWNSHIP**

---

## **TRUST AND AGENCY FUNDS BALANCE SHEET**

**MARCH 31, 2004**

### **ASSETS**

|      |               |
|------|---------------|
| Cash | <u>\$ 101</u> |
|------|---------------|

### **LIABILITIES**

|                          |               |
|--------------------------|---------------|
| Due to Other Funds       | 101           |
| Due to Other Governments | <u>---</u>    |
|                          | <u>\$ 101</u> |

**CURRENT TAX COLLECTION FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**YEAR ENDED MARCH 31, 2004**

|                     | 03-31-03 |              |               | 03-31-04 |
|---------------------|----------|--------------|---------------|----------|
|                     | Balance  | Receipts     | Disbursements | Balance  |
| <b>ASSETS</b>       |          |              |               |          |
| Cash                | \$ 47    | \$ 3,559,125 | \$ 3,559,071  | \$ 101   |
| <b>LIABILITIES</b>  |          |              |               |          |
| Due to General Fund | \$ 47    | \$ 131,364   | \$ 131,310    | \$ 101   |
| Due to County       | ---      | 2,218,721    | 2,218,721     | ---      |
| Due to Schools      | ---      | 1,185,895    | 1,185,895     | ---      |
| Due to Other        | ---      | 23,145       | 23,145        | ---      |
|                     | \$ 47    | \$ 3,559,125 | \$ 3,559,071  | \$ 101   |

**PORTER TOWNSHIP  
CURRENT TAX COLLECTION FUND  
STATEMENT OF RECEIPTS AND DISBURSEMENTS**

**YEAR ENDED MARCH 31, 2004**

**RECEIPTS**

|                 |                     |
|-----------------|---------------------|
| Tax Collections | <u>\$ 3,559,125</u> |
|-----------------|---------------------|

**DISBURSEMENTS**

|                      |                     |
|----------------------|---------------------|
| Township             | \$ 131,310          |
| Constantine Schools  | 856,562             |
| White Pigeon Schools | 231,633             |
| Three Rivers Schools | 23,148              |
| Cassopolis Schools   | 74,552              |
| County               | 2,218,721           |
| Other                | <u>23,145</u>       |
|                      | <u>\$ 3,559,071</u> |

3775 Kimmel Road  
Horton, Michigan 49246

(517) 563-8856 Phone / 563-2552 Fax  
Email: [kdrake@voyager.net](mailto:kdrake@voyager.net)

**REPORT ON COPLIANCE AND ON INTERNAL CONROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Township Board  
Porter Township

We have audited the general purpose financial statements of Porter Township of and for the year ended March 31, 2004, and have issued our report thereon dated April 29, 2004. We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Porter Township's general purpose financial statements are free of certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Porter Township's control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We

noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Karl L. Drake". The signature is written in a cursive, flowing style.

Karl L. Drake, PC  
Certified Public Accountant

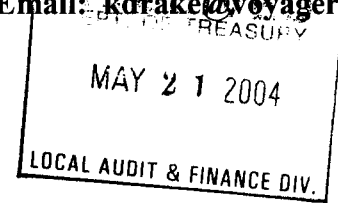
April 29, 2004

**Karl L. Drake, P.C.**  
**Certified Public Accountant**

---

3775 Kimmel Road  
Horton, Michigan 49246

(517) 563-8856 Phone / 563-2552 Fax  
Email: kdrake@porter.net



April 29, 2004

To the Township Board  
Porter Township

I have recently completed the audit of the books and records of Porter Township for the year ended March 31, 2004, and would like to take this opportunity to make the following comments and recommendations.

Financial Position

The general fund finished the year with a fund balance of \$303,986. This is a decrease from the prior year level by \$26,551. The Fire Department fund had a balance of \$2,813.

Budget Variances

During this fiscal year, the general fund expenditures exceeded budgeted amounts by over \$60,000. This is a violation of State of Michigan law. It is necessary, if a budgetary category is going to be overspent, to amend the budget at a Township Board meeting. The most significant areas of over expenditure were assessor fees and expenses (\$21,888), payroll taxes (\$10,118), township hall maintenance (\$5,753) and cemeteries (\$5,429). The State of Michigan will probably be sending you a letter in a few months telling you not to overspend your budget again.

A bigger problem exists this year. At the time of my audit (late April, 2004), a budget had not been passed for the current fiscal year (year ending March 31, 2005). Since monies are continuing to be spent (including board salaries), the Township is spending illegally. The approved budget is the legal authorization to spend. It is necessary that the Board pass some kind of budget (copy of last year's, best guess, etc.) as soon as possible to return to legal status.

GASB 34

Beginning in fiscal years ending after June 15, 2004, the financial standards for governmental units will be changing. The change is proclamation 34 from the Governmental Accounting Standards Board. The most significant change in the new standards involves the valuation and depreciation of Township fixed assets. Also the reporting format will change considerably, showing government-wide reports that include depreciated fixed assets, long-term debt and accrued interest. It will be necessary to prepare a schedule of fixed assets showing historical cost, date of purchase, useful life, accumulated depreciation, and current depreciation expense in preparation for next year's audit. It will also be necessary for the Township Board to establish a capitalization level to determine which assets to include in the schedule. I would recommend a level of \$5,000.

### Office Environment

During the audit, the office environment was extremely tense. I understand that there was recently a successful recall election. I understand that the sewer issue continues to be a hotly disputed topic. At some point, the disagreements between the parties need to be set aside. The office needs to be operated in a professional and courteous manner toward each other, and toward all Township residents who stop by. This needs to be true regardless of which side of the sewer issue you are on.

At the time of the audit, no March activity (deposits, checks, interest, etc.) had been entered into the clerk's accounting records. The extra time I spent summarizing this activity was billed to the Township. It is in everyone's best interest that personal feelings be set-aside in the spirit of cooperation, to insure that the Township continues to operate smoothly.

Thank you for the opportunity to work with you. Please call my office if there are any questions regarding any aspect of the audit.

Sincerely,

A handwritten signature in cursive script that reads "Karl L. Drake".

Karl L. Drake, CPA